

# City of Detroit

## CITY COUNCIL

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TO: Cherukuri Sreenivas, Chief Information Officer  
Information Technology Services

FROM: Irvin Corley, Jr., Fiscal Analysis Director **ly.**

DATE: May 1, 2009

RE: 2009-2010 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2009-2010 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Wednesday, May 6, 2009 at 2:30 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Joe Harris, Chief Financial Officer  
Pamela Scales, Budget Department Director  
Ervin Stewart, Budget Department Team Leader  
Arese Robinson, Mayor's Office

## Information Technology Services (31)

### FY 2009-10 Budget Analysis by the Fiscal Analysis Division

#### Summary

The Information Technology Services Department (ITS) is a General Fund agency. The recommended 2009-10 budget is \$27.27 million, which is \$2.42 million (9.7%) more than the current year's budget. The department's net tax cost recommended for next year is \$24.53 million, \$81,324 (0.3%) less than the current fiscal year's net tax cost.

\*Page 31-1 of the Executive Budget Agency Financial: Incorrectly lists the recommended budget for 2009-10 at \$24,553,956. The recommended budget for 2009-10 should be listed at \$27,278,909, as indicated elsewhere throughout the budget. Additionally, City revenues are also stated at \$739,000 and should be listed at \$2,739,000, which is also indicated throughout the budget.

\*Page 31-1 Executive Budget Agency Employee Statistics: The recommended 2009-10 City positions are listed at 91 positions with (19) reductions. The recommended City positions for 2009-10 should be listed at 83 positions with (27) reductions.

\*(Corrected Page 31-1 of the Executive Budget attached)

#### 2008-09 Surplus/(Deficit)

The Administration anticipates a small overall surplus of \$8,000 in appropriations.

#### Overtime

The overtime budget for the current fiscal year is \$216,406. Through March 31, 2008, the department has spent \$171,413 (79.2%) of its current overtime budget.

The recommended overtime budget for 2009-10 is, \$186,906, a reduction of \$29,500 (13.63%) from the current fiscal year.

#### Personnel and Turnover Savings

The Mayor recommends elimination of 27 positions (24.5%), which includes the elimination of 10 vacant positions and 17 layoffs.

The Mayor recommends no turnover savings in 2009-10.

Following is information by appropriation comparing current FY 2007-08 filled positions, and FY 2009-10 recommended positions, as of March 31, 2009.

| <u>Appropriation/Program</u>                  | <u>Redbook<br/>Positions<br/>FY 2008-09</u> | <u>Filled<br/>Positions<br/>3/31/2009</u> | <u>Mayor's<br/>Budget<br/>Positions<br/>FY 2009-10</u> | <u>Over/(Under)<br/>Actual to<br/>08/09 Budget</u> | <u>Mayor's<br/>Recommended<br/>Turnover</u> |
|---|---|---|--|--|---|
| <b>Information &amp; Tech. Services (31):</b> |   |   |  |  |   |
| 310010 Ofc. Of Info. Tech. Svcs.              | 3   | 3   | 3  | 0  | \$ -  |

|  |                   |                  |                  |                    |                  |                 |
|--|-------------------|------------------|------------------|--------------------|------------------|-----------------|
| 310020 Contracts & Administration          | 6                 | 5                | 4                | (1)                | \$               | -               |
| 310035 Enterprise Application Support Team | 5                 | 2                | 4                | (3)                | \$               | -               |
| 310050 Client Support Services             | 0                 | 1                | 2                | 1                  | \$               | -               |
| 310070 System Support & Mgmt.              | 9                 | 9                | 8                | 0                  | \$               | -               |
| 310080 Data Network Services               | 5                 | 4                | 6                | (1)                | \$               | -               |
| 310100 Non-Financial Applications          | 25                | 23               | 19               | (2)                | \$               | -               |
| 310110 Financial Applications              | 0                 | 0                | 0                | 0                  | \$               | -               |
| 310130 Operations                          | 22                | 14               | 11               | (8)                | \$               | -               |
| 310300 Public Safety                       | 20                | 18               | 12               | (2)                | \$               | -               |
| 310335 Publishing Services                 | 8                 | 9                | 8                | 1                  | \$               | -               |
| 310355 Dedicated Services                  | 7                 | 7                | 6                | 0                  | \$               | -               |
| <b>00024 Central Data Processing</b>       | <b>110</b>        | <b>95</b>        | <b>83</b>        | <b>(15)</b>        | <b>\$</b>        | <b>-</b>        |
| <b>11827 Publishing Services</b>           | <b>0</b>          | <b>0</b>         | <b>0</b>         | <b>0</b>           | <b>\$</b>        | <b>-</b>        |
| <b>11828 Mailroom &amp; Delivery</b>       | <b>0</b>          | <b>0</b>         | <b>0</b>         | <b>0</b>           | <b>\$</b>        | <b>-</b>        |
| 31XXXX Leave of Absence                    | <u>0</u>          | <u>0</u>         | <u>0</u>         | <u>0</u>           | <u>\$</u>        | <u>-</u>        |
| <b>TOTAL</b>                               | <b><u>110</u></b> | <b><u>95</u></b> | <b><u>83</u></b> | <b><u>(15)</u></b> | <b><u>\$</u></b> | <b><u>-</u></b> |

#### Significant Funding by Appropriation

##### Appro.      Program

00024      Central Data Processing      This appropriation increases by \$2.42 million, due primarily to the following Cost Center items 0010 - 0355:

##### Cost Center      Description

|      |   |  |
|------|---|--|
| 0010 | Office of Information Technology Services | This decreases by \$378,683 in the 2009-10 FY. The reduction is due primarily to a \$382,015 reduction in contractual services, offset by slight increases in other areas.                                       |
| 0020 | Contracts & Administration                | This decreases slightly by \$10,397 in 2009-10 FY, and loses 2 positions.  |
| 0035 | Enterprise Application Support Team       | This cost center increases by \$310,006 in 2009-10, due primarily to the addition of \$608,441 in contractual services cost, offset by the loss of 1 position and its corresponding salaries and benefits costs. |
| 0050 | Client Support Services                   | This Cost Center increases by \$1,758,800 and two FTE's (up from zero FTE's), due primarily a \$1,856,000 increase in contractual services, offset by \$97,200 in salary & benefit decreases.                    |
| 0070 | System Support & Management               | This decreases by \$157,564 and reduced by one FTE.  |
| 0080 | Data Network Services                     | This Cost Center decreases by \$408,512.   |

|      |                            |  |
|------|----------------------------|--|
| 0100 | Non-Financial Applications | Cost Center decreases by \$309,165 due primarily to a decrease in salaries & employee benefit costs associated with the loss of 6 positions.   |
| 0130 | Operations                 | Cost Center increases by \$605,951, due primarily to a \$1,132,150 increase in hardware maintenance costs, offset by a \$526,199 decrease in salary & benefits costs, which correspond to the loss of 11 positions.  |
| 0300 | Public Safety              | Cost Center budgeted at \$3.98 million in the 2009-10 proposed budget is increased by \$1.1 million over the current fiscal year. The increase is due primarily to the creation of \$2 million in hardware maintenance costs, offset by a 596,207 reduction in salary & benefits costs, due to the loss of 8 positions; and \$300,000 reduction for repairs & maintenance miscellaneous. |
| 0335 | Publishing Services        | Cost Center increases slightly by \$12,141 in the 2009-10 proposed budget.   |
| 0355 | Dedicated Services         | Cost Center decreases by \$100,931 in 2008-09 FY and losses one position.  |

#### **Information Technology Services (31)**

| Budgeted Professional and Contractual Services by Activity | FY 2008-09<br>Budget | FY 2009-10<br>Recommended | Increase<br>(Decrease) |
|--|----------------------|---------------------------|------------------------|
| Computer Operations  | \$ 2,716,574         | \$ 4,500,500              | \$ 1,783,926           |
| <b>Total</b>   | <b>\$ 2,716,574</b>  | <b>\$ 4,500,500</b>       | <b>\$ 1,783,926</b>    |

Professional and Contractual Services increase by \$1,783,926 (65.67%) in 2009-10.

#### Significant Revenue Changes by Appropriation and Source

| <u>Appro.</u> | <u>Program</u>          |  |
|---------------|-------------------------|--|
| 00024         | Central Data Processing | Revenue increases by \$2,506,763 (979%) in 2009-10, from \$232,237, due primarily to a \$2,419,000 increase in Other Reimbursements and a \$87,763 increase in Personal Services in 2009-10. |

#### Issues and Questions

The Mayor has recommended the elimination of 27 position from ITS, which include the elimination of 10 vacant positions and 17 layoffs. Conversely, however, contractual services for the department increase by \$1.7 million in the 2009-10 FY.

- Is ITS engaged in an emphasis on hiring contractual workers as opposed to City employees? How many new contractual hires are planned for ITS in '09-10?

**Pg. 31-2: Computer Operations Goals:**

What is the anticipated impact, if any, on the day-to-day operations in ITS of the Mayor's recommended employee reductions in the department in the 2009-10 fiscal year on completing the following Goals of ITS:

1. **Maintaining the City's current technology investment**
2. **Improving the City's technology infrastructure**
3. **Developing, enhancing and maintaining applications systems to support the needs of City departments**
4. **Internal operational Improvement**
5. **Improve (the) relationship between ITS and City departments**
6. **Improve information technology for security for financial systems**

One of the goals of ITS includes: Implement Finance Treasury and Cash Management Oracle Modules

- What's the status of this initiative and what is the initiative's projected impact?

Another one of the stated goals of the department is to Improve Help Desk Services.

- What is involved in this initiative?

When is the current mainframe platform due to retire?

The following is a historical view of the Information Technology Services Department's budget:

| <u>Fiscal Year</u> | <u>Budget Amount</u>  | <u>Growth Percentage</u> |
|--------------------|-----------------------|--------------------------|
| 1995-96            | \$18.5 million        |                          |
| 1996-97            | <b>\$23.3 million</b> | <b>25.9%</b>             |
| 1997-98            | <b>\$31.9 million</b> | <b>36.9%</b>             |
| 1998-99            | <b>\$40.1 million</b> | <b>25.7%</b>             |
| 1999-00            | <b>\$47.6 million</b> | <b>18.7%</b>             |
| 2000-01            | \$40.2 million        | (15.5%) decrease         |
| 2001-02            | <b>\$47.3 million</b> | <b>17.7% increase</b>    |
| 2002-03            | \$39.8 million        | (15.9%) decrease         |
| 2003-04            | \$35.3 million        | (11.4%) decrease         |
| 2004-05            | \$29.2 million        | (17.3%) decrease         |
| 2005-06            | \$23.9 million        | (18%) decrease           |
| 2006-07            | \$21.2 million        | (12%) decrease           |
| 2007-08            | <b>\$23.1 million</b> | <b>12% increase</b>      |
| 2008-09            | <b>\$24.8 million</b> | <b>6% increase</b>       |
| 2009-10 (proposed) | <b>\$27.2 million</b> | <b>9.7% increase</b>     |

Attachment: Corrected Page 31-1 of the Executive Budget

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## INFORMATION TECHNOLOGY SERVICES (31)

### AGENCY PLAN: STATEMENT OF PURPOSE, GOALS AND BUDGET SUMMARY

#### STATEMENT OF PURPOSE:

The Information Technology Services Department provides effective, reliable and secure information technology and related services to City agencies, enabling them to effectively manage assets and deliver services to Detroit's citizens, businesses and visitors.

#### AGENCY GOALS:

1. Maintain the City's current technology investment.
2. Improve the City's technology infrastructure.
3. Develop, enhance and maintain applications systems to support the needs of City departments.
4. Internal Operational Improvement.
5. Improve the relationship between ITS and City departments.

#### AGENCY FINANCIAL SUMMARY:

| 2009-10<br><u>Requested</u> |                      | 2008-09<br><u>Budget</u> | 2009-10<br><u>Recommended</u> | Increase<br>(Decrease) |
|-----------------------------|----------------------|--------------------------|-------------------------------|------------------------|
| \$ 30,290,628               | City Appropriations  | \$ 24,853,470            | \$ 27,278,909                 | \$ 2,425,439           |
| \$ 30,290,628               | Total Appropriations | \$ 24,853,470            | \$ 27,278,909                 | \$ 2,425,439           |
| \$ 496,702                  | City Revenues        | \$ 232,237               | \$ 2,739,000                  | \$ 2,506,763           |
| \$ 496,702                  | Total Revenues       | \$ 232,237               | \$ 2,739,000                  | \$ 2,506,763           |
| \$ 29,793,926               | NET TAX COST:        | \$ 24,621,233            | \$ 24,539,909                 | \$ (81,324)            |

#### AGENCY EMPLOYEE STATISTICS:

| 2009-10<br><u>Requested</u> |                 | 2008-09<br><u>Budget</u> | 04-02-09<br><u>Actual</u> | 2009-10<br><u>Recommended</u> | Increase<br>(Decrease) |
|-----------------------------|-----------------|--------------------------|---------------------------|-------------------------------|------------------------|
| 110                         | City Positions  | 110                      | 94                        | 83                            | (27)                   |
| 110                         | Total Positions | 110                      | 94                        | 83                            | (27)                   |

#### ACTIVITIES IN THIS AGENCY:

|                      | 2008-09<br><u>Budget</u> | 2009-10<br><u>Recommended</u> | Increase<br>(Decrease) |
|----------------------|--------------------------|-------------------------------|------------------------|
| Computer Operations  | \$ 24,853,470            | \$ 27,278,909                 | \$ 2,425,439           |
| Total Appropriations | \$ 24,853,470            | \$ 27,278,909                 | \$ 2,425,439           |